



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
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REPEAT OFFENDER GETS HARSHER PENALTY IN SECURITIES CASE

PHOENIX – The Arizona Corporation Commission found that Scott A. Gould violated the fraud and registration provisions of the Securities Act of Arizona in connection with the sale of promissory notes and ordered him to cease and desist from violation of the Securities Act. This was Gould's second time before the Commission for the same activities and he was fined \$30,000 for the repeat offense.

According to the Order, Gould sold promissory notes to investors in return for money that he used to fund high interest construction loans. Gould was not a registered securities salesman and the promissory notes were not registered as securities in the state of Arizona.

The Commission previously investigated Gould for the same activity. On April 5, 1995 he was ordered to cease and desist in the sale of promissory notes and required to offer to repurchase the securities from his 33 investors. He paid a total rescission amount of \$145,000 and an administrative penalty of \$5,000, which was reduced to \$1,000 after the rescission terms were met. In addition, the Commission ordered that he could not apply for registration as a securities dealer, securities salesman, investment adviser or investment adviser representative for a period of ten years from the date of the Order.

This new Order states that Gould failed to disclose the names of some investors during the 1995 investigation. After the Commission issued the Cease and Desist Order in 1995, Gould continued to sell promissory notes in exchange for money to finance construction loans, thereby violating the previous order. The Commission, in considering Gould's prior lack of candor and continued violation of the Order, set an

administrative penalty of \$30,000.00. The Commission ordered Gould to offer rescission to all remaining investors, and he is prohibited from ever registering with Arizona as a securities salesman, dealer or investment adviser.

In taking this action, Arizona Corporation Commission Chairman Carl Kunasek stated, “Our action this week sends a clear message that repeat offenders will suffer a higher penalty for continuing to violate Arizona’s securities laws.” Commissioner Jim Irvin noted that this is yet another case involving promissory notes and urged investors to “be sure you know what you’re getting into – promissory notes are very risky investments.”

Commissioner William Mundell emphasized that the Securities Division is an important resource for investors. “Useful information is available to the public on our website and via the phone. One phone call could tell the investor if their salesperson is properly registered or reveal that he or she has been the subject of an investigation.”

Investors can contact the Securities Division by calling (602) 542-4242, toll free at 1-877-811-3878, or visit the web site at www.ccsd.cc.state.az.us.

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